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ONTARIO

AUSTRIA

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# AUSTRIA

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### AUSTRIA



Prepared by:

Research Section,  
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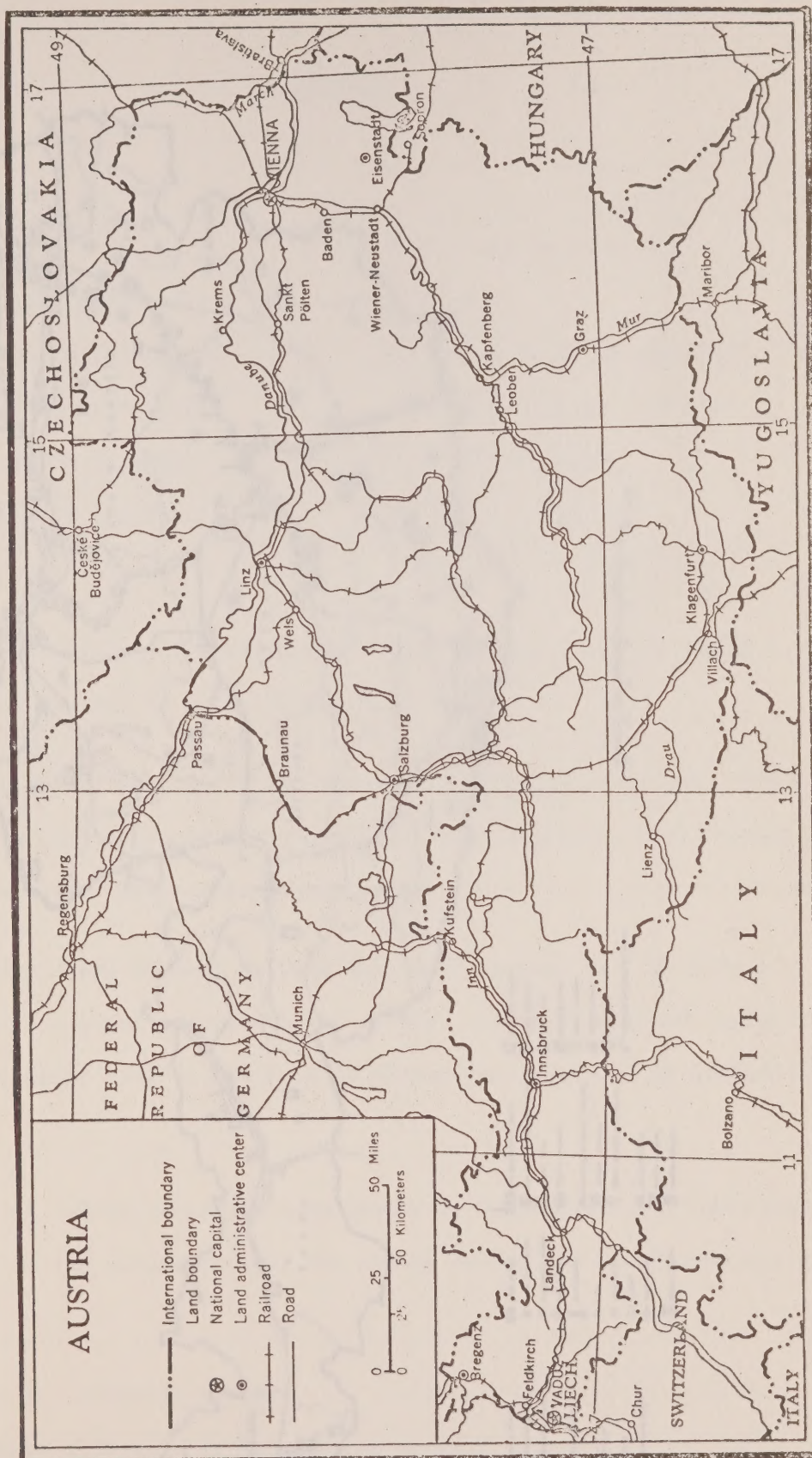
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# AUSTRIA







## AUSTRIA

### 1. Geography

|                     |                             |
|---------------------|-----------------------------|
| Area                | 32,376 square miles         |
| Length (east-west)  | 362 miles                   |
| Width (north-south) | 163 miles (eastern Austria) |
| Width (north-south) | 38 miles (western Austria)  |
| Location (approx.)  | 46' - 49' latitude          |
| Location (approx.)  | 9' - 17' longitude          |
| Average Elevation   | 3,000 feet above sea level  |

Austria is completely landlocked. Situated largely on the Eastern Alps, the country is over 75% mountainous.

Geographically, Austria is the hub of the European continent, shares common borders with Italy, Switzerland, Liechtenstein, West Germany, Czechoslovakia, Hungary and Yugoslavia.

The Danube flows through Austria from west to east for 217 miles, serving as a major transportation artery. Other rivers are insignificant for water traffic but provide tremendous resources in hydroelectric power.

Industrial and agricultural development is concentrated in the river valleys of the Alpine region, the Danube Valley and the Vienna Basin.

### 2. Climate

Two distinct climatic zones:

Alpine climate - in mountainous western Austria.

Moderate continental climate - in the eastern lowlands.





Mean annual temperature in Vienna and northern region: 50°F.

Average annual rainfall: 40" to 50".

The seasons are clearly defined. Spring and fall are mild and pleasant; winter is cold and occasionally severe while summer is short and moderate. Like all middle European cities, Vienna can experience damp, rainy days with overcast skies during any season of the year.

AVERAGE MAXIMUM AND MINIMUM  
DAILY TEMPERATURES IN VIENNA (degrees F.)

| Month-   | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|----------|------|------|------|------|-----|------|------|------|-------|------|------|------|
| Maximum- | 34   | 38   | 47   | 57   | 66  | 71   | 75   | 73   | 66    | 55   | 44   | 37   |
| Minimum- | 26   | 28   | 34   | 41   | 50  | 56   | 59   | 58   | 52    | 44   | 36   | 30   |

3. Population

|                                     |                     |
|-------------------------------------|---------------------|
| Austria                             | 7,323,000           |
| Annual increase of population       | 0.5%                |
| Vienna                              | 1,637,000           |
| Population centres of over 200,000: | Graz, Linz          |
| Population centres of over 100,000: | Salzburg, Innsbruck |
| Population centres of over 20,000:  | 13                  |

Ethnic Classifications: Besides the Slavic minorities of Czechs, Slovenes and Croats, the overwhelming majority are Austrian; German is the official language.

Nearly 90% of the population belong to the Roman Catholic Church. The remainder are mostly Protestant, with small communities of Judaism, Greek Orthodox and Moslem.





The Austrian citizen is generally conservative and is a traditionalist with a strong sense of regional pride.

Working population in Austria, is as follows:

|                          |     |
|--------------------------|-----|
| Agriculture and forestry | 23% |
| Manufacturing            | 48% |
| Trade and communications | 16% |
| Free professions         | 7%  |
| Public services          | 5%  |
| Domestic service         | 1%  |

Source: U.S. Department of Commerce, "Market Factors in Austria", July 1965.

4. Government

Austria is a federal republic comprising 9 semi-autonomous provinces:

|               | Per Cent<br>in<br><u>Population</u> | Per Cent<br>in<br><u>Area</u> |
|---------------|-------------------------------------|-------------------------------|
| Vienna        | 22.5                                | 0.5                           |
| Lower Austria | 18.8                                | 23.0                          |
| Upper Austria | 16.3                                | 14.0                          |
| Styria        | 16.1                                | 19.5                          |
| Carinthia     | 7.1                                 | 11.0                          |
| Tyrol         | 6.8                                 | 15.0                          |
| Salzburg      | 5.2                                 | 9.0                           |
| Burgenland    | 3.7                                 | 5.0                           |
| Voralberg     | 3.5                                 | 3.0                           |

The Austrian Republic was reestablished in 1945 and regained full sovereignty in 1955 by virtue of a treaty signed by the four occupying powers.(1) In accordance with the terms of the treaty, Austria agreed to maintain permanent neutrality similar to that of Switzerland.

Note: (1) The United States, Great Britain, the Soviet Union and France.





Executive Branch: The President of Austria is elected by popular vote for a term of 6 years, to exercise largely representational functions. Executive powers rest with the Federal Chancellor appointed by the President for a term not exceeding the 4-year term of the Parliament. The Chancellor and the Ministers he selects must be members of the Lower House.

Legislative Branch: The Federal Parliament is made up of the National Council (Lower House) and the Federal Council (Upper House). Members of the Lower House are elected by popular suffrage, while those of the Upper House are elected by the Provincial parliaments. Legislation must be passed by both houses before it becomes law.

Judicial Branch: All courts in Austria are federal courts and judges are independent in the exercise of their office.

Provincial Administration: Each Province has a unicameral legislative assembly elected for a term of 4 to 6 years and patterned after the Federal Lower House. The Provincial parliament elects the Provincial Governor, his deputies and councilors. The Governor has dual responsibilities as the chief executive of the Province and as the official charged with the implementation of Federal policies.

|                               |  |
|-------------------------------|--|
| President of Federal Republic | Dr. Franz Jonas  |
| Chancellor                    | Dr. Josef Klaus  |
| Vice-Chancellor               | Dr. Hermann Withalm  |
| Party in power                | People's Party, formed government in April 1966, and reshuffled its cabinet in January 1968. |



## 5. Economy - General

Economic System: Private ownership is the basis of the Austrian economy. It is estimated however, that more than 20 per cent of Austrian industry is publicly owned. Although retail trade is mostly in the hands of small private shopkeepers, the economy has a large number of producers', consumers' and credit cooperatives.

Historical Handicaps: At the end of World War I, and the resulting destruction of the Austria-Hungary Empire, Austria was reduced from a balanced economic entity of 116,000 square miles to a mountainous country of 32,000 square miles. World War II and subsequent occupation by the Allied powers until 1955, were also disruptive to its economic growth.

Austria has, however, made rapid progress in expanding its agricultural base and developing manufacturing industry. Because of the geographical limitations, and historical development, there still exists a striking contrast between the metropolitan area of Vienna and the rest of the country, in the level of economic development.

Labour Force: According to O.E.C.D., Austria's total employment in 1966 was 3,292,000 of which 48.8 per cent were employed by industry. In percentage of industrial employment, Austria ranks among the world's highest, with Switzerland's 51.6 and West Germany's 49.5 per cent. Unemployment in Austria has been relatively low, but showed a marked increase during the fourth quarter of 1966 and the first quarter of 1967, in the face of falling manufacturing activities.





An important factor in the development of Austria's economy is that the biggest part of its capital requirements can be supplied by domestic sources because of the high degree of saving and the liquid position of the banking system.

Austria has a highly developed system of public transport by road, rail, air, and river. The Danube is an important transportation artery. Nearly six million tons of goods were carried by over 9,000 ships on the Danube in 1964. With the steadily increasing traffic and the likelihood of a canal link between the Danube and the Rhine, the Danube is gaining increasing political as well as commercial importance.

The economic problems facing Austria in 1967 were falling profit margins, declining capital investment, increase in unemployment and wages rising above productivity growth. The number of workless in November 1967, increased 14 per cent over the comparative figure in 1966. Earnings were up by 9 to 12 per cent while productivity rose only by 3.4 to 4.4 per cent. The 1968 budget is at an all time high, but the doubling of deficits is not due to a corresponding rise in Federal investments but rather to increases in salaries and social expenditures.

## 6. Agriculture

Only 19.4% of Austria's land area is arable, compared with 27.1% in meadows and pastures. Austrian farmers derive 70% of their incomes from animal production -- mainly dairy products -- and 30% from farm crops.

Agricultural population is less than one quarter of the total population. In spite of the limited land area for farming and the declining agricultural population, Austria has become fairly self-sufficient in the supply





of major food crops. It exports livestock, eggs, dairy products, imports fruit and vegetables, tobacco, cereals and feed corns.

Production of Major Crops and Milk  
(in 1000 metric tons)

|              | 1964  | 1965  | 1966  |
|--------------|-------|-------|-------|
| Bread grains | 1,151 | 987   | 1,274 |
| Barley       | 605   | 523   | 706   |
| Potatoes     | 3,438 | 2,539 | 3,007 |
| Oats         | 327   | 274   | 325   |
| Sugar Beets  | 2,203 | 1,462 | 2,135 |
| Corns        | 212   | 187   | 275   |
| Milk         | 3,128 | 3,209 | 3,260 |

More than 60% of the nation's 396,000 farming units operate on less than 25 acres each. Despite the fragmentation of farms, mechanization of agriculture has advanced rapidly and rural electrification is fully developed.

Livestock Population  
(1000 head at year-end)

|        | 1964  | 1965  | 1966  |
|--------|-------|-------|-------|
| Cattle | 2,350 | 2,441 | 2,497 |
| Pigs   | 3,132 | 2,639 | 2,786 |
| Horses | 97    | 85    | 75    |

Austria had a good crop year in 1967, and this may affect the import of grains from Canada which amounted to \$2,310,000 in 1966.



## 7. Forestry

With the timber covering nearly 43 per cent of its land surface, Austria ranks after Sweden and Finland among the major sources of forest products in Europe. Approximately 7.76 million acres are economically exploited.

About 84 per cent of the standing wood is coniferous and consists primarily of spruce. Beech and oak are among the most important types.

### Austria's Roundwood Production (1,000 cubic meters without bark)

|      |        |
|------|--------|
| 1964 | 9,936  |
| 1965 | 10,398 |
| 1966 | 10,024 |

---

Despite this abundance of wood, Austria has had to import a large amount of pulp for paper in recent years. Woodworking industry processes about one-third of Austria's saw logs and sawn-timber production. In 1966, this industry produced 4,768 million shillings (\$200 million) worth of veneers, fibre boards, chip boards, plywood and other wood products. The manufacturing of skis and wooden toys is gaining importance as new export items.

In 1967, exports of sawn lumber fell to the lowest level in ten years, the setback being most noticeable in the West German and Dutch markets, reflecting the economic slowdowns in those areas.

## 8. Mining

Austria has a considerable mineral wealth. It has a large domestic production of petroleum and natural gas. Internal demand for petroleum products has grown so much, that increasing oil imports have been required.





Construction of a pipeline from Italy to Austrian refineries should ease the transportation difficulties of Middle-East Petroleum previously encountered. Magnesite is Austria's most important mineral. Austrian mines supply about half the world's need for magnesite. Iron ore production can supply only half of the domestic need. Production of low-grade coal satisfies about one-third of domestic demand.

Austria's Mineral Production\*  
(1,000 tons)

|                                    | 1964    | 1965    | 1966    |
|------------------------------------|---------|---------|---------|
| Hard coal                          | 103.0   | 59.0    | 20.4    |
| Soft coal                          | 5,761.0 | 5,450.0 | 5,280.0 |
| Iron ore (Fe content)              | 1,128.0 | 1,110.0 | 1,044.0 |
| Antimony (Sb content)              | 893.0   | 692.0   | N.A.    |
| Bauxite                            | 4.0     | -       | -       |
| Copper (Cu content)                | 1.6     | 1.6     | 1.9     |
| Lead (Pb content)                  | 5.9     | 5.9     | 5.6     |
| Magnesite                          | 1,656.6 | 1,815.6 | N.A.    |
| Tungsten (WO <sub>3</sub> content) | 63.0    | 150.0   | N.A.    |
| Zinc ore (Zn content)              | 9.8     | 9.5     | 10.4    |
| Salt                               | 403.0   | 415.0   | N.A.    |
| Crude petroleum                    | 2,663.0 | 2,855.0 | 2,760.0 |
| Natural gas (1000 M <sup>3</sup> ) | 1,764.0 | 1,724.0 | 1,872.0 |

Source: \* - U.N. Monthly Statistics.

1967 Situation: Apart from small gains in copper, lead and zinc, Austria's mineral production in 1967 virtually stood on the level of 1966.

Note: N.A. - Not available.





## 9. Industry

The geographical concentrations of industry are in the eastern part of the country, in Vienna and neighbouring Lower Austria, the Danube Valley of Upper Austria and northern Styria. The Vienna area alone has about one-half of the industrial establishments and a third of the industrial employees of the whole country.

The manufacturing industry of Austria can be divided into two distinctive categories. While a small number of large-scale industries are operating with highly advanced technology and modern efficiency, thousands of small manufacturing units are still maintained in the traditional artisan manner. Large modern plants are found in steel, aluminum, paper, some textiles, chemicals and machinery industries.

State ownership is widespread in certain key industrial sectors as a result of the country's nationalization in 1945, of Nazi-owned enterprises, in order to preclude their seizure by Soviet occupation authorities. Nationalized industries account for about 24% of G.N.P. and employ 23% in the labor force.

Some 77 Austrian companies are nationalized under a government holding company, which controls most of the heavy industry and major segments of extractive, metal and machinery industries. In addition, electricity and mass communications are nationalized, and the manufacture of salt, tobacco products and liquors are under government monopoly.

The continuing rationalization is making Austrian industry more adaptable to changing consumer demand and to competition abroad. Industrial production is still largely based on consumer goods, but the production of



capital goods is rapidly increasing in its importance. As domestic resources deplete, more and more raw materials, such as bituminous coal, iron ore, petroleum and bauxite, are being imported to meet the burgeoning need of the Austrian industry.

Industrial Growth: Austria's industrial production showed a moderate rise from 1963 to 1966, but declined during 1967.

Austria's Industrial Production  
(1963 = 100)

|                 |     |
|-----------------|-----|
| 1964            | 108 |
| 1965            | 112 |
| 1966            | 117 |
| 1967, Jan.-Oct. | 114 |

By industry, the largest gains in 1966, over the production of 1956, were made in chemicals, woodworking, paper working, electrical machinery and clothing, more than doubling the value of output. The production of motor vehicle and leather goods fell during the decade.

Austria's Industrial Production Indices, 1966  
(1956 = 100)

|                                 |       |
|---------------------------------|-------|
| Chemicals                       | 249.5 |
| Woodworking                     | 235.4 |
| Paper Working                   | 228.2 |
| Electrical Machinery            | 224.1 |
| Clothing                        | 198.0 |
| Ceramics and Building Materials | 192.5 |
| Iron and Metal Manufactures     | 165.5 |
| Food Processing                 | 160.8 |
| Textiles                        | 153.3 |
| Machinery                       | 145.5 |
| Paper                           | 142.2 |
| Petroleum                       | 137.9 |
| Nonferrous Metals               | 137.5 |
| Foundries                       | 112.2 |
| Glass                           | 107.7 |
| Mining                          | 97.8  |
| Leather                         | 97.1  |
| Motor Vehicles                  | 86.1  |





Iron and Steel: Substantial iron ore deposits and supplementary imports have enabled Austria to build up a modern steel industry. The L-D process of oxygen blast steel making, recently developed by Austrian technicians, is widely adopted by many other countries.

Austria's Iron and Steel Output  
(1000 tons)

|      | Pig<br>Iron | Crude<br>Steel | Rolled<br>Products |
|------|-------------|----------------|--------------------|
| 1964 | 2,204       | 3,194          | 2,282              |
| 1965 | 2,200       | 3,221          | 2,287              |
| 1966 | 2,195       | 3,193          | 2,346              |

Export of iron and steel from Austria in 1966 was U.S. \$220.5 million compared with imports of U.S. \$83 million.

Metal Processing: The foundries are able to cover domestic requirements of castings. Processing of lead, zinc, aluminum and copper is made to supply home market and for export from domestic and imported metals. The quality of Austrian-produced tools and hardwares make them competitive in foreign markets. Export of metal manufacturers from Austria in 1966 was U.S. \$62.4 million, which balanced out the import of U.S. \$62.1 million.

Transportation Equipment: The industry produces rolling stock, diesel trucks, buses, utility vehicles, farm tractors, motorcycles, scooters and motorized bicycles. Austrian-made motorcycles and engines are exported to Canada.

Machinery: Principal products of this industry are wood and metalworking machinery, heavy duty precision laths, presses, boring machines, compressors, pumps, building machinery, combine harvesters, steam boilers, conveyors,





elevators, and pulp and paper making machinery.

Austria's Trade in Nonelectrical Machinery, 1966

|        |                    |
|--------|--------------------|
| Export | U.S. \$190,173,000 |
| Import | U.S. \$336,195,000 |

---

Electrical Machinery: Some of the more important products of Austria's heavy electrical engineering are motors, welding machines, and electric power generation and transmission equipment. In the field of weak-current electricity, Austria produces telecommunication equipment, electrical measuring instruments, accumulators, electrical clocks and household equipment. In 1966, Austria exported U.S. \$109,556,000 worth of electrical machinery, 44 per cent of which was power generating and distributing equipment.

Austria's Trade in Electrical Machinery, 1966

|        |                    |
|--------|--------------------|
| Export | U.S. \$109,556,000 |
| Import | U.S. \$142,435,000 |

---

Chemicals: Next to food processing, the chemical industry is the second largest industry in Austria, and exported U.S. \$90 million worth of plastic materials, organic and inorganic compounds, fertilizers and pesticides. Yet in the same year, Austria imported U.S. \$204.5 million worth of chemicals, indicating a great demand for chemicals in Austria's growing industry.

Pulp and Paper: With two-fifths of the total land area in forest, Austria has developed a modern efficient pulp and paper industry. Austria is an importer of pulp and exporter of paper and paperboard.



Textiles and Clothing: Combined together, these industries still produce the largest share of Austria's industrial output. Although their place is not as dominant as in the days when the East European markets were open to Austria, the rise of synthetic fibre production and the quality of Austrian garments, known in the foreign markets, help sustain their leading position in the nation's industry.

Other Industries: Glassware, leather goods, sports goods, ceramics, costume jewellery and similar specialties are produced by a large number of small manufacturers. Because of the reputation for quality, they are important export goods to Austrian economy.

Tourism: Tourist industry in 1966 brought a gross income of 15,465 million Schillings to Austria, comparable in its importance to such major manufacturing industries as chemicals, textiles and machinery. Despite the competition from warmer and cheaper countries in the south of Europe, Austria's income from foreign tourists has been increasing.

Austria's Income From Foreign Tourists

| <u>Year</u> | <u>Gross Tourist Income</u> | <u>Net Receipts<br/>(Million U.S. Dollars)</u> |
|-------------|-----------------------------|--|
| 1964        | 503                         | 385  |
| 1965        | 561                         | 420  |
| 1966        | 595                         | 424  |





Monthly Production of Austria's Selected Manufacturers\*  
(metric tons unless indicated otherwise)

|                          | 1964    | 1965    | 1966    |
|--------------------------|---------|---------|---------|
| Wheat flour              | 30,300  | 30,800  | 32,400  |
| Cotton yarn              | 2,140   | 2,030   | 1,910   |
| Cotton fabrics           | 1,580   | 1,590   | 1,700   |
| Wool yarn                | 1,100   | 1,070   | 1,140   |
| Woolen fabrics           | 480     | 470     | 550     |
| Newsprint                | 11,200  | 10,800  | 11,300  |
| Plastics and resins      | 4,980   | 5,510   | 6,630   |
| Cement                   | 314,000 | 337,000 | 375,000 |
| Pig iron and ferroalloys | 184,000 | 184,000 | 183,000 |
| Crude steel              | 266,000 | 268,000 | 266,000 |
| Aluminum                 |         |         |         |
| - primary                | 6,470   | 6,560   | 6,580   |
| - secondary              | 3,270   | 1,550   | 1,850   |
| Smelter copper           | 130     | 120     | 100     |
| Refined copper           | 1,460   | 1,510   | 1,340   |
| Lead                     | 680     | 640     | 560     |
| Zinc                     | 1,060   | 1,070   | 1,160   |
| Motor vehicles (unit)    | 270     | 200     | 130     |

Source: \* - U.N. Monthly Statistics.



## 10. Energy

Austria's per capita energy consumption of 2,630 kilograms of coal equivalent in 1965, was lower than the West European average of 3,049 kilograms. Domestic production of energy supplies is less than three-fifths of Austria's energy consumption. Energy deficiency is supplemented by large imports of coal, coke and mineral oils.

### Electricity

Austria's hydro power resources are among the largest in Europe. The combination of Alpine mountains and glaciers creates the watersheds and streams to feed the great Austrian hydro-electric power.

More than two-thirds of the installed capacity was hydro-electric in 1965. The total installed capacity increased 46 per cent during the years 1960 to 1965.

#### Austria's Installed Capacity and Output of Electric Power

|      | <u>Installed Capacity</u><br>(1000 kw) |              | <u>Output</u><br>(million kwh) |
|------|--|--------------|--------------------------------|
|      | <u>Total</u>                           | <u>Hydro</u> |                                |
| 1964 | 5,536                                  | 3,736        | 20,363                         |
| 1965 | 5,974                                  | 4,054        | 22,241                         |
| 1966 | N.A.                                   | N.A.         | 23,815                         |

Practically the entire power grid in Austria operates on the 380 volts AC, 3-phase, 4-wire system. Electric and electronic appliances are adapted for use with 220 volts, 50 cycles. Equipment using other voltages is not acceptable.

Austria is a net exporter of electric energy, selling 5,533 million kwh and buying 763 million kwh in 1966.





The following table gives a breakdown on ownership of electrical power plants in Austria:

|                           |     |
|---------------------------|-----|
| Federal Government        | 51% |
| Private Utility Companies | 2%  |
| Municipalities or State   | 30% |
| Industry and Railways     | 17% |

About 61 per cent of the total power supply is currently consumed by industry; 18 per cent by households; 8 per cent by the railways and 13 per cent by public utilities. The most important power facilities are publicly owned, and the power expansion plan is under Government direction.

#### 11. Atomic Energy .

In September 1960, Austria officially started its research in atomic energy by inaugurating the Research Reactor Centre at Seilesdorf near Vienna. Its U.S. designed swimming pool reactor is being used for research and for the production of isotopes.

In 1965, the Austrian Co-ordination Committee for the Construction of Atomic Power Plants, decided that by 1975 a total capacity of 300,000 kw would be made available to Austria's national grid.

Experiences and information obtained from operations at the Research Reactor Centre are expected to provide a basis for choosing the design for the proposed 300,000 kw nuclear power plant, which will be located either in Lower or Upper Austria.

Two other small test reactors are being operated for research and training purposes, one at Vienna and the other at the University of Graz.



## 12. Gross National Product

The gross national product of Austria, at current prices, nearly doubled between 1957 and 1966, from 131 billion schillings to 260 billion schillings. GNP for the more recent years are shown in the following table.

| <u>Austria's Gross National Product*</u> |                           |                           |                       |
|--|---------------------------|---------------------------|-----------------------|
|  | <u>Billion Schillings</u> | <u>Annual Growth in %</u> |                       |
|  | <u>At Current Prices</u>  | <u>At Current Prices</u>  | <u>At 1954 Prices</u> |
| 1962                                     | 188.3                     | 6.1                       | 2.4                   |
| 1963                                     | 202.8                     | 7.7                       | 4.6                   |
| 1964                                     | 222.8                     | 9.9                       | 6.8                   |
| 1965                                     | 241.7                     | 8.5                       | 2.4                   |
| 1966                                     | 260.5                     | 7.8                       | 4.3                   |

Source: \* - Creditanstalt-Bankverein.

The 1967 GNP was originally estimated to grow by 4 per cent real and 8 per cent nominal. The economic slowdown has dampened the business atmosphere and the growth rate is now estimated to have been no more than 2 per cent real and 4 per cent nominal. The rate of growth in 1968 is expected to be somewhere between 3 to 4 per cent in real terms, with an anticipated general business upturn in the second half of the year.

Note: According to International Monetary Fund, the exchange rate of Austrian Schilling, 1962-1966, was as follows:

(Schillings Per U.S. Dollar)

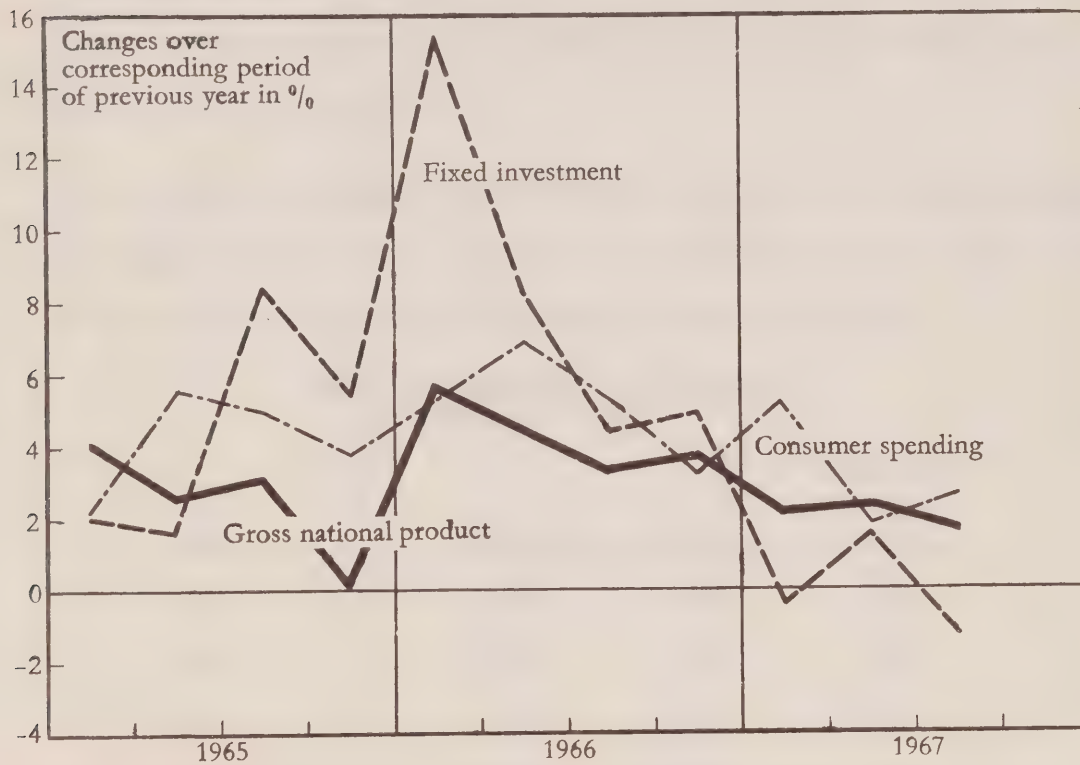
| <u>1962</u> | <u>1963</u> | <u>1964</u> | <u>1965</u> | <u>1966</u> |
|-------------|-------------|-------------|-------------|-------------|
| 25.87       | 25.87       | 25.87       | 25.89       | 25.91       |





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**Gross National Product, Gross Fixed Investment, Consumers' Expenditure**  
(Changes in growth rates)





### 13. Foreign Trade

Foreign trade plays a vital role in Austria's economy, providing approximately a quarter of the national income.

Prior to the Second World War, Austria had an intensive foreign trade with the countries of Eastern Europe. The changes in the political and economic structure of these countries has reduced Austria's trade with them to about one-third of the prewar total. Now, Austrian foreign trade is directed to the West.

The deficit in Austria's commodity trade has been on the increase over the years, but was much reduced during 1967, mainly due to the decrease in imports as a result of the business slowdown at home.

#### Imports and Exports of Austria\* (Million U.S. Dollars)

| Year            | Imports | Exports | Deficit in<br>Commodity<br>Trade |
|-----------------|---------|---------|----------------------------------|
| 1964            | 1,863   | 1,446   | 417                              |
| 1965            | 2,101   | 1,560   | 541                              |
| 1966            | 2,738   | 1,684   | 1,054                            |
| 1967 Jan.- Nov. | 2,113   | 1,656   | 457                              |

Sources: \* - U.N. and O.E.C.D. Statistics.

The European Common Market is the largest buyer of Austria's goods, accounting for 44.6% in 1966, while EFTA countries took the second largest share of 19.2% and Eastern Europe 17.7%. Countries in order of importance as Austria's foreign markets were West Germany, Italy, Switzerland, United States and Britain, with West Germany taking up more than one-fourth of Austrian exports. Canada's share, however, was less than one per cent.



AUSTRIA'S FOREIGN TRADE WITH SELECTED COUNTRIES,  
TOTAL (IN THOUSAND U.S. DOLLARS)  
AND PERCENTAGE OF TOTAL EXPORTS

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|                    | 1964      |                             | 1965      |                             | 1966      |                             |
|--------------------|-----------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|
|                    | Total     | Percent-<br>age of<br>Total | Total     | Percent-<br>age of<br>Total | Total     | Percent-<br>age of<br>Total |
| United States      | 57,571    | 3.98                        | 67,015    | 4.19                        | 77,357    | 4.59                        |
| Canada             | 9,127     | .63                         | 11,871    | .74                         | 14,565    | .86                         |
| Argentina          | 6,028     | .42                         | 5,829     | .36                         | 5,520     | .33                         |
| Brazil             | 2,027     | .14                         | 1,684     | .11                         | 2,738     | .16                         |
| Belgium Luxembourg | 20,875    | 1.45                        | 20,210    | 1.26                        | 23,022    | 1.37                        |
| France             | 35,687    | 2.48                        | 35,359    | 2.21                        | 37,126    | 2.21                        |
| West Germany       | 403,110   | 27.87                       | 457,631   | 28.60                       | 450,279   | 26.75                       |
| Italy              | 177,859   | 12.29                       | 172,360   | 10.77                       | 181,247   | 10.77                       |
| Netherlands        | 49,716    | 3.43                        | 61,047    | 3.82                        | 59,333    | 3.52                        |
| United Kingdom     | 66,007    | 4.56                        | 62,148    | 3.88                        | 70,982    | 4.22                        |
| Sweden             | 44,494    | 3.08                        | 51,172    | 3.20                        | 61,476    | 3.65                        |
| Switzerland        | 113,969   | 7.88                        | 119,568   | 7.47                        | 136,784   | 8.12                        |
| Yugoslavia         | 38,063    | 2.63                        | 38,971    | 2.44                        | 38,386    | 2.28                        |
| U.S.S.R.           | 57,746    | 3.99                        | 57,114    | 3.57                        | 59,508    | 3.53                        |
| Czechoslovakia     | 28,903    | 2.00                        | 37,180    | 2.32                        | 44,056    | 2.62                        |
| Hungary            | 43,251    | 2.99                        | 42,400    | 2.65                        | 38,916    | 2.31                        |
| Poland             | 23,531    | 1.63                        | 31,878    | 1.99                        | 35,810    | 2.13                        |
| Rumania            | 23,627    | 1.63                        | 21,938    | 1.37                        | 26,068    | 1.55                        |
| Japan              | 5,163     | .36                         | 4,197     | .26                         | 4,774     | .28                         |
| Other Countries    | 239,420   | 16.56                       | 300,425   | 18.79                       | 315,639   | 18.75                       |
| TOTAL-             | 1,446,174 | 100.00                      | 1,599,997 | 100.00                      | 1,683,586 | 100.00                      |

Source: Commodity Trade Statistics, United Nations, 1964 - 1966.





Nearly 59 per cent of Austria's 1966 imports were supplied by the members of the Common Market, followed by EFTA's 15.7% and Eastern Europe's 11.5%. West Germany alone took more than 42 per cent of the market share, followed far behind by Italy, Switzerland, Britain and the United States. Canada's share of the market was less than one per cent.



AUSTRIA'S FOREIGN TRADE WITH SELECTED COUNTRIES,  
TOTAL (IN THOUSAND U.S. DOLLARS)  
AND PERCENTAGE OF TOTAL IMPORTS

|                    | 1964      |                             | 1965      |                             | 1966      |                             |
|--------------------|-----------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|
|                    | Total     | Percent-<br>age of<br>Total | Total     | Percent-<br>age of<br>Total | Total     | Percent-<br>age of<br>Total |
| United States      | 96,081    | 5.16                        | 92,366    | 4.40                        | 100,951   | 4.34                        |
| Canada             | 9,754     | .52                         | 13,984    | .67                         | 17,381    | .75                         |
| Argentina          | 6,281     | .34                         | 8,308     | .40                         | 9,121     | .39                         |
| Brazil             | 13,904    | .75                         | 18,265    | .87                         | 17,377    | .75                         |
| Belgium Luxembourg | 34,752    | 1.87                        | 36,535    | 1.74                        | 37,831    | 1.62                        |
| France             | 84,881    | 4.56                        | 87,797    | 4.18                        | 95,711    | 4.11                        |
| West Germany       | 777,484   | 41.74                       | 877,512   | 41.77                       | 987,294   | 42.42                       |
| Italy              | 138,701   | 7.44                        | 173,544   | 8.26                        | 175,974   | 7.56                        |
| Netherlands        | 59,627    | 3.20                        | 67,895    | 3.23                        | 71,052    | 3.05                        |
| United Kingdom     | 99,263    | 5.33                        | 114,898   | 5.47                        | 133,466   | 5.73                        |
| Sweden             | 34,660    | 1.86                        | 36,792    | 1.75                        | 43,862    | 1.88                        |
| Switzerland        | 101,245   | 5.43                        | 116,092   | 5.53                        | 139,361   | 5.99                        |
| Yugoslavia         | 26,537    | 1.42                        | 27,875    | 1.33                        | 44,922    | 1.93                        |
| U.S.S.R.           | 52,085    | 2.80                        | 52,731    | 2.51                        | 48,759    | 2.09                        |
| Czechoslovakia     | 29,622    | 1.59                        | 38,002    | 1.80                        | 35,098    | 1.50                        |
| Hungary            | 27,056    | 1.45                        | 31,300    | 1.49                        | 37,787    | 1.62                        |
| Poland             | 39,886    | 2.14                        | 45,452    | 2.16                        | 42,520    | 1.83                        |
| Rumania            | 19,446    | 1.04                        | 20,550    | .98                         | 16,631    | .72                         |
| Japan              | 8,861     | .48                         | 10,406    | .50                         | 12,180    | .52                         |
| Other Countries    | 202,677   | 10.88                       | 230,300   | 10.96                       | 260,368   | 11.20                       |
| TOTAL-             | 1,862,803 | 100.00                      | 2,100,604 | 100.00                      | 2,327,646 | 100.00                      |

Source: Commodity Trade Statistics, United Nations, 1964 - 1966.





### EFTA and EEC

Austria is a member-nation of EFTA but its transactions with EFTA members are far less than its trade with EEC members. The importance of its economic ties with the EEC has motivated Austria to search for an associate membership in the Common Market. Attempts thus far have not been successful, due to political pressures mainly from the Soviet Union.

Austria's exports to the EEC markets are fraught with considerable difficulties. Austrian exports of steel, which is an important source of foreign exchange earnings, were hampered by the decision of the European Coal and Steel Company to establish a uniform rate of duty applicable to imports from outsiders at the highest level. As the tariff barriers within EEC are progressively eliminated, Austria finds itself in an increasingly disadvantageous position, being left out of the Community.

### Composition of Exports

The 3-year average of Austria's commodity trade during 1964-66 indicates that more than 75 per cent of its exports and less than 60 per cent of its imports were manufactured goods.

#### Austria's Foreign Trade, Percentage by Commodity Groups, 3-Year Average (1964-66)\*

|   | <u>Imports</u><br>% | <u>Exports</u><br>% |
|---|---------------------|---------------------|
| Food and live animals,<br>beverages and tobacco | 13.0                | 4.8                 |
| Crude materials                                 | 9.7                 | 12.9                |
| Mineral fuels, etc.                             | 7.7                 | 3.2                 |
| Oil and fats (animal & vegetable)               | 1.2                 | -                   |
| Chemicals                                       | 8.7                 | 4.9                 |
| Basic manufactures                              | 21.2                | 41.0                |
| Machines, transport equipment                   | 30.5                | 20.3                |
| Miscellaneous manufactures                      | <u>8.0</u>          | <u>12.8</u>         |
| TOTAL-  | 100.0               | 100.0               |

Source: \* - Compiled from U.N. Commodity Trade Statistics.



In terms of the value of transactions, however, Austria is a net importer of manufactured goods.

Austria's Trade of Manufactured Goods\*  
(U.S. \$'000)

|            |           |
|------------|-----------|
| Exports    | 1,168,399 |
| Imports    | 1,252,626 |
| Net Import | 84,226    |

Source: \* - U.N. Commodity Trade Statistics.

14. Canadian Trade with Austria

Canada has not taken full advantage of Austria's 1.25 billion dollar a year market for manufactured goods. Although Canada's total exports to Austria during 1964-66 period represented a 0.98 per cent share of all Austrian imports, Canadian manufacturers had only a 0.17 per cent share in manufacturing imports. Furthermore, the trade in manufacturing goods between Canada and Austria is more than 5 to 1 in favour of Austria.

Austria-Canada Trade in Manufacturing Goods,  
1964-66 Average  
(U.S. \$'000)

|                                   |        |
|-----------------------------------|--------|
| Canadian exports to Austria       | 2,109  |
| Canadian imports from Austria     | 11,439 |
| Canada's net imports from Austria | 8,330  |

Source: \* - U.N. Commodity Trade Statistics.

In contrast, grains and crude materials dominate Canadian exports to Austria, accounting for 84.5 per cent. Canada's share in Austria's export and import trade by commodity group is shown in the following two tables.



The table below shows Austria's exports to all countries and to Canada, total and percentage of total:

| SITC<br>No. | Item                             | 1964                     |             |   | 1965                     |             |   | 1966                     |             |   |
|-------------|----------------------------------|--------------------------|-------------|---|--------------------------|-------------|---|--------------------------|-------------|---|
|             |                                  | Total                    |             | Canada<br>as<br>Percent-<br>age of<br>Total | Total                    |             | Canada<br>as<br>Percent-<br>age of<br>Total | Total                    |             | Canada<br>as<br>Percent-<br>age of<br>Total |
|             |                                  | Thousand<br>U.S. Dollars | To<br>World |   | Thousand<br>U.S. Dollars | To<br>World |   | Thousand<br>U.S. Dollars | To<br>World |   |
| 0           | Food and live animals            | 63,570                   | 131         | .21   | 81,304                   | 160         | .20   | 73,641                   | 224         | .30   |
| 1           | Beverages and tobacco            | 1,718                    | --          | --  | 2,878                    | --          | --  | 2,805                    | --          | --  |
| 2           | Crude materials, excluding fuels | 198,099                  | --          | --  | 209,010                  | --          | --  | 202,433                  | --          | --  |
| 3           | Mineral fuels, etc.              | 42,674                   | --          | --  | 52,304                   | --          | --  | 56,568                   | --          | --  |
| 4           | Animal, vegetable oil, fats      | 634                      | --          | --  | 656                      | --          | --  | 686                      | --          | --  |
| 5           | Chemicals                        | 67,299                   | 111         | .16   | 76,519                   | 206         | .27   | 90,051                   | 180         | .20   |
| 6           | Basic manufactures               | 606,705                  | 4,224       | .70   | 645,426                  | 5,092       | .79   | 687,698                  | 5,306       | .77   |
| 7           | Machines, transport equipment    | 295,377                  | 1,844       | .62   | 325,896                  | 3,163       | .97   | 339,543                  | 5,032       | 1.48  |
| 8           | Miscellaneous manufactured goods | 169,658                  | 2,753       | 1.62  | 205,304                  | 3,171       | 1.54  | 229,591                  | 3,734       | 1.63  |
| 9           | Goods not classified by kind     | 440                      | --          | --  | 700                      | --          | --  | 571                      | --          | --  |
|             | TOTAL-                           | 1,446,174                | 9,063       | 0.63  | 1,599,997                | 11,792      | 0.74  | 1,683,586                | 14,476      | 0.86  |

Note: -- Not applicable.

Source: Commodity Trade Statistics, United Nations, 1964 - 1966.





The table below shows Austria's imports from all countries and from Canada, total and percentage of total:

| SITC<br>No. | Item                             | 1964          |  |   | 1965          |  |   | 1966          |  |   |
|-------------|----------------------------------|---------------|--|---|---------------|--|---|---------------|--|---|
|             |                                  | Total         |  | Canada<br>as<br>Percent-<br>age of<br>Total | Total         |  | Canada<br>as<br>Percent-<br>age of<br>Total | Total         |  | Canada<br>as<br>Percent-<br>age of<br>Total |
|             |                                  | From<br>World | Thousand<br>U.S. Dollars<br>From<br>Canada |   | From<br>World | Thousand<br>U.S. Dollars<br>From<br>Canada |   | From<br>World | Thousand<br>U.S. Dollars<br>From<br>Canada |   |
| 0           | Food and live animals            | 210,651       | 3,292                                      | 1.56  | 262,602       | 6,284                                      | 2.39  | 270,484       | 5,504                                      | 2.03  |
| 1           | Beverages and tobacco            | 21,064        | --   | --  | 24,269        | --   | --  | 27,915        | --   | --  |
| 2           | Crude materials, excluding fuels | 195,261       | 4,075                                      | 2.09  | 201,308       | 5,956                                      | 2.96  | 213,755       | 9,428                                      | 4.41  |
| 3           | Mineral fuels, etc.              | 163,844       | --   | --  | 154,450       | --   | --  | 163,884       | --   | --  |
| 4           | Animal, vegetable oil, fat       | 22,710        | --   | --  | 26,547        | --   | --  | 25,248        | --   | --  |
| 5           | Chemicals                        | 162,403       | --   | --  | 181,745       | --   | --  | 204,491       | --   | --  |
| 6           | Basic manufactures               | 393,315       | 1,724                                      | 0.40  | 442,020       | 885  | 0.2   | 500,846       | 1,524                                      | 0.3   |
| 7           | Machines, transport equipment    | 555,525       | 395  | .07   | 643,145       | 592  | .09   | 721,491       | 689  | .09   |
| 8           | Miscellaneous manufactured goods | 137,851       | 169  | .12   | 164,328       | 203  | 0.12  | 199,359       | 145  | .07   |
| 9           | Goods not classified by kind     | 179           | --   | --  | 190           | --   | --  | 173           | --   | --  |
| TOTAL-      |                                  | 1,862,803     | 9,655                                      | 0.52  | 2,100,604     | 13,920                                     | 0.66  | 2,327,646     | 17,290                                     | 0.74  |

Note: -- Not applicable.

Source: Commodity Trade Statistics, United Nations, 1964 - 1966.



Canadian foreign trade with Austria is insignificant. Between 1964 and 1966, however, the two-way trade showed an encouraging sign of steady increase, not only in terms of value but also in terms of Canada's share of Austria's total foreign trade. In the first 9 months of 1967, Canadian exports to Austria declined to U.S. \$9,450,000 from U.S. \$12,360,000 for the same period in 1966 and its share of the market shrunk to the low level of 1964.

Austria's exports to Canada in the first 9 months of 1967 rose to U.S. \$13,110,000, from the 3-quarter total of U.S. \$11,160,000 in 1966. A good harvest of Austrian grains, and the economic slowdown in 1967, seems to be the main reason for the decline in Canadian exports while, the economic recession in Austria and the decrease in Austria's exports to the German market has presumably built up pressure for more exports to Canada.

Canada's Share in Austria's Foreign Trade, 1964-66

|            | <u>Austria's Imports from Canada</u>  |                   | <u>Austria's Exports to Canada</u>    |                   |
|------------|---------------------------------------|-------------------|---------------------------------------|-------------------|
|            | <u>Value</u><br><u>(U.S. \$1,000)</u> | <u>% of Total</u> | <u>Value</u><br><u>(U.S. \$1,000)</u> | <u>% of Total</u> |
| 1964       | 9,655                                 | 0.52              | 9,063                                 | 0.63              |
| 1965       | 13,920                                | 0.66              | 11,792                                | 0.74              |
| 1966       | 17,290                                | 0.74              | 14,476                                | 0.86              |
| 1967       |                                       |                   |                                       |                   |
| Jan.-Sept. | 9,450                                 | 0.58              | 13,110                                | 0.99              |

Sources: Compiled from U.N. and O.E.C.D. Statistics.

Austrian exports to Canada consisted mainly of embroideries, textile fabrics, woodpulp, sporting goods, motor vehicles, engines and parts. Austrian imports from Canada consisted mainly of wheat, barley, asbestos, nickel, plastics and synthetic rubber.





In Austria, there are many opportunities for the Canadian exporter to market semi-finished and finished products: medicinal and pharmaceutical goods, plastic materials, finished rubber goods, business machines, some agricultural products, furs, households goods, passenger automobiles and parts, tobacco and cigarettes, carpets and shoes. Our handicap is that our prices are often higher than the prices of European-made products, largely because of the high costs of transportation. The two tables that follow, list major commodities and their value of transactions in Canada's export and import trade with Austria for 1964-66 period.



CANADIAN EXPORTS OF SELECTED COMMODITIES TO AUSTRIA, 1964, 1965, 1966

(in Canadian Dollars)

| Class<br>No. | Name of Product                                   | 1964      | 1965      | 1966       |
|--------------|---|-----------|-----------|------------|
| 4446         | Sardine, Canned                                   | 139,257   | 128,107   | 114,769    |
| 6119         | Barley  | N.A.      | 556,666   | 867,100    |
| 6165         | Durum Wheat, Except Seed                          | 230,036   | 713,606   | 946,681    |
| 6169         | Wheat, Except Seed, n.e.s.                        | 1,639,041 | 2,560,273 | 2,501,215  |
| 25530        | Nickel in Oxide                                   | 213,545   | 471,739   | 258,535    |
| 25998        | Metal Bearing Ores and Concentrates               | 165,729   | 432,574   | 848,500    |
| 27130        | Asbestos Milled Fibres, Group 4 & 5               | 2,016,461 | 2,965,672 | 3,441,183  |
| 27140        | Asbestos Shorts                                   | 380,455   | 126,944   | 451,697    |
| 34020        | Wood Pulp, Bleached, Sulphate Paper<br>Grades     | 116,897   | 103,132   | 216,506    |
| 42499        | Plastic & Synthetic Rubber Not Shaped,<br>n.e.s.  | 482,387   | 124,154   | 66,299     |
| 45415        | Nickel Anodes, Cathodes, Ingots, Rods             | 768,638   | 53,400    | 320,139    |
| 58019        | Passenger Automobiles and Chassis                 | 71,747    | 271,987   | 253,523    |
| 58099        | Parts & Accessories for Motor Vehicles,<br>n.e.s. | 86,773    | 166,295   | 240,228    |
| 77121        | Card Punch, Sort, Tab Computers & Parts           | 184,228   | 154,697   | 157,573    |
|              | Others  | 979,473   | 1,017,348 | 916,202    |
|              | TOTAL-  | 7,474,667 | 9,856,594 | 11,600,150 |

Source: Dominion Bureau of Statistics: Exports by Countries, 1964 - 1966.



CANADIAN IMPORTS OF SELECTED COMMODITIES FROM AUSTRIA, 1964, 1965, 1966

(in Canadian Dollars)

| Class No. | Name of Product  | 1964    | 1965      | 1966      |
|-----------|--|---------|-----------|-----------|
| 36639     | Nylon Yarn   | 113,447 | 86,419    | 134,621   |
| 37599     | Broadwoven Fabric of 1 Synthetic Fibre,<br>n.e.s.      | 95,453  | 120,776   | 9,999     |
| 38619     | Embroidered and Ornamented Fabrics                     | 778,573 | 708,744   | 794,136   |
| 44150     | Ferrovanadium  | 257,121 | 49,624    | -         |
| 44409     | Bars, Carbon Steel, Hot Rolled, n.e.s.                 | 52,213  | 176,264   | 207,912   |
| 44430     | Bars, Alloy Steel, n.e.s., Hot Rolled                  | 101,310 | 296,456   | 280,586   |
| 44499     | Bars or Rods, Steel Fabricated, n.e.s.                 | 70,035  | 110,160   | 224,612   |
| 44508     | Plates, Carbon Steel, Floor Patterned                  | 348,929 | 554,483   | 455,173   |
| 44930     | Barbed Wire  | 66,864  | 100,640   | -         |
| 46609     | Chain, Transmission and Conveyor, n.e.s.               | 116,020 | 26,478    | 52,859    |
| 46630     | Coil Chain Under 9/8 Inch Size                         | 102,810 | 101,162   | 128,964   |
| 47278     | Magnesia, Dead Burned or Sintered                      | N.A.    | 258,587   | 292,257   |
| 47825     | Gem and Ornamental Stone, n.e.s.                       | 332,087 | 305,991   | 306,980   |
| 50225     | Gasoline Engines, n.e.s.                               | 54,673  | 103,388   | 60,297    |
| 50405     | Ball Bearings, Unmounted, n.e.s.                       | 133,127 | 206,856   | 248,798   |
| 50415     | Roller Bearings, Unmounted, n.e.s.                     | 61,304  | 107,921   | 150,263   |
| 51019     | Conveyors, Conveying Systems and Parts                 | 21,902  | 197,582   | 12,095    |
| 52247     | Road Railway Construction Machinery &<br>Parts, n.e.s. | 135,662 | 11,290    | 25,688    |
| 52308     | Lathes, Metalworking and Parts                         | 173,829 | 208,318   | 217,503   |
| 52364     | Wire Metal Ribbon Forming Machinery &<br>Parts         | 114,140 | 95,988    | 255,434   |
| 58819     | Motor Vehicles, Engines, n.e.s.                        | 558,566 | 1,313,636 | 3,239,984 |
| 58849     | Parts of Motor Vehicle Engines, n.e.s.                 | 76,750  | 115,168   | 249,426   |

(continued)





CANADIAN IMPORTS OF SELECTED COMMODITIES FROM AUSTRIA, 1964, 1965, 1966, (continued)

(in Canadian Dollars)

| Class No. | Name of Product                               | 1964      | 1965       | 1966       |
|-----------|---|-----------|------------|------------|
| 63960     | TV, Radio & Phonograph Set Chassis            | N.A.      | 123,369    | 46,110     |
| 70710     | Optical Microscopes & Parts, Excluding Lens   | 71,723    | 127,764    | 155,755    |
| 75256     | Augers, Bits, Braces, Hand Drills             | 115,544   | 170,737    | 196,373    |
| 78319     | Overcoats and Outdoor Jackets                 | 135,537   | 123,183    | 149,435    |
| 78465     | Suits and Dresses, Knitted                    | 127,743   | 153,644    | 114,985    |
| 78470     | Sweaters, Cardigans, Knit Wool, Men's & Boy's | 72,046    | 133,704    | 112,988    |
| 78499     | Outerwear, Knitted, n.e.s.                    | 77,791    | 109,142    | 57,877     |
| 79099     | Footwear, n.e.s.                              | 294,527   | 284,974    | 388,594    |
| 81027     | Costume Jewelry, n.e.s.                       | 115,665   | 124,425    | 116,608    |
| 83237     | Skis  | 392,431   | 542,245    | 667,287    |
| 83289     | Sporting Recreation Equipment & Parts, n.e.s. | 127,855   | 148,448    | 279,770    |
| 86626     | Cigarette Lighter and Lighter Case, Combined  | 97,204    | 106,601    | 175,368    |
| 88049     | Hearing Aids and Parts                        | 105,584   | 100,662    | 94,891     |
| 91208     | Projectors, Motion Picture                    | 197,397   | 129,454    | 83,343     |
| 94608     | Paintings & Pastels, Made by Hand             | 177,365   | 165,928    | 173,780    |
| 97075     | Shipments of Less Than \$200.00 Each          | 129,507   | 194,654    | 272,537    |
|           | Others  | 3,592,349 | 4,286,033  | 4,740,725  |
|           | TOTAL-  | 9,595,083 | 12,280,898 | 15,192,013 |

Source: Dominion Bureau of Statistics: Imports by Countries, 1964 - 1966.



### 15. Balance of Trade

Austria's balance of trade is generally in deficit. Net receipts from tourism largely cover the deficits. The deficit of Austria's trade balance has been on the increase, nearly doubling itself between 1960 and 1966. In the first half year of 1967, however, it showed a sizable decrease from the corresponding period of 1966.

Austria's Balance of Trade and  
Net Receipts from Tourism  
(Million U.S. Dollars)

| <u>Year</u>    | <u>Balance of Trade</u> | <u>Net Receipts<br/>from Tourism</u> |
|----------------|-------------------------|--------------------------------------|
| 1964           | -395                    | 385                                  |
| 1965           | -472                    | 420                                  |
| 1966           | -596                    | 424                                  |
| 1966 Jan.-June | -316                    | 178                                  |
| 1967 Jan.-June | -259                    | 179                                  |

Source: International Financial Statistics.

The large deficit in Austria's balance of trade is mainly attributable to its unfavourable trade balance with West Germany. During 1964 to 1966, Austria imported an average of U.S. \$881 million worth of goods a year from West Germany and exported U.S. \$437 million, resulting in an average deficit of U.S. \$443 million. Austria hopes to improve this trade balance with its proposed EEC membership.

### 16. Balance of Payments

With net receipts from the tourist industry largely offsetting the deficit in commodity trade, and with a steady inflow of foreign capital, Austria's balance of payments has been improving during the past 5 years.



The improvement is more pronounced during the first three quarters of 1967, due to increased exports and a decline in imports. The balance of payments surplus during the period amounted to Schilling 4,079 million, (U.S. \$157 million). For year-to-year changes of Austria's balance of payment, see International Monetary Statistics Table in the Appendix.

The par value of Austria's currency is set at the rate of 26 Schillings to U.S. \$1 and has remained unchanged since its agreement with the International Monetary Fund in May 1953.

Austria's official gold, foreign exchange and reserve positions in I.M.F. are generally in excess of 50% of its annual imports.

Austria's Official Gold, Foreign Exchange,\*  
and Reserve Positions in I.M.F.  
(Million U.S. Dollars)

|                   |       |
|-------------------|-------|
| 1964              | 1,317 |
| 1965              | 1,311 |
| 1966              | 1,333 |
| 1967-3rd. quarter | 1,439 |

Source: \* - O.E.C.D. Statistics.

17. Trade Policy

Austria's protective tariff policy was, at one time, moderately high in order to protect its domestic industry, but as its industrial growth quickened, its trade policy has gradually been liberalized.

Austrian imports are divided into three categories:-

- 1) "Free merchandise" for which no license is required;
- 2) "Controlled merchandise" for which an individually validated license is required for each shipment;
- 3) "Liberalized goods" for which the required license is automatically granted.





The majority of nonagricultural imports are "liberalized goods". A timetable has been established for the liberalization of eight of the twelve nonagricultural items still under import quantitative restrictions. It is expected that the import into Austria of certain agricultural products will be liberalized in the near future.

Within the European Free Trade Association, Austria reciprocates other EFTA member-nations duty-free privileges on most import goods. To Austria, however, the members of EFTA are less significant as trade partners, when compared with EEC, and efforts have repeatedly been made by Austria to become a member of EEC.

As a participant in the Kennedy Round Tariff Reduction negotiations, Austria agreed to cut its import duties on a wide variety of goods. By commodity groups, the reductions will be as follows:



KENNEDY ROUND TARIFF REDUCTIONS

AFFECTING AUSTRIAN IMPORTS

|   | <u>Present Rate</u> | <u>Final Rate</u> |
|---|---------------------|-------------------|
| Chemicals   | 3 to 34%            | Free to 27%       |
| - Average reduction 30%   |                     |                   |
| Some commodities are for 50% reduction,<br>subject to full reductions by E.E.C. |                     |                   |
| Iron and Steel  |                     |                   |
| a) Ingot forms  | 5 to 12%            | 4 to 7%           |
| b) Steel mill products  | 8 to 35%            | 3 to 25%          |
| - Average reductions 40%  |                     |                   |
| Nonferrous Metals   |                     |                   |
| a) Ingot forms  | Free to 12%         | Free to 8%        |
| b) Semi-fabricated products   | 11 to 29%           | 7 to 21%          |
| Nonmetallic Minerals and Products   | 3 to 34%            | 2 to 20%          |
| - Average reductions 35 to 40%  |                     |                   |
| Machinery   |                     |                   |
| Most items will have 50% reductions   |                     |                   |
| - Construction machinery  | 10 to 22%           | 7 to 10%          |
| - Pulp and paper machinery  | 18 to 20%           | 9 to 10%          |
| - Textiles machinery  | 12 to 22%           | 6 to 10%          |
| - Metal and woodworking machinery   | 20 to 25%           | 5 to 20%          |
| - Office machinery  | 12 to 22%           | 7 to 10%          |
| - Other machinery   | 10 to 32%           | 5 to 27%          |

(continued)



|  | <u>Present Rate</u> | <u>Final Rate</u> |
|--|---------------------|-------------------|
| Electrical Equipment                             |                     |                   |
| - Consumer electrical and radio equipment.       | 13 to 30%           | 7 to 15%          |
| Most items 50% cut.                              |                     |                   |
| - Heavy electrical equipment and electric motors | 14 to 28%           | 7 to 24%          |
| - Average cut 35 to 40%                          |                     |                   |
| - Electric wire and cable                        | 20 to 28%           | 15 to 22%         |
| - Average reduction 25%                          |                     |                   |
| Scientific Apparatus and Control Equipment       | 15 to 29%           | Free to 14%       |
| - Reductions of 50% in general                   |                     |                   |
| Other Manufactures of Metals                     | 10 to 30%           | 5 to 24%          |
| - Average reductions 30 to 35%                   |                     |                   |
| Other Manufactured Products                      | 14 to 35%           | 9 to 27%          |
| - Average reductions 35 to 40%                   |                     |                   |
| Lumber and Wood Products                         | 4 to 28%            | 2 to 18%          |
| - Many items receive 50% reductions              |                     |                   |
| but some important ones receive lesser cuts.     |                     |                   |
| Pulp and Paper                                   | 6 to 34%            | 3 to 26%          |
| - Generally a 50% cut for pulp items,            |                     |                   |
| but only 10 to 15% reductions for papers.        |                     |                   |
| Textiles   | 3 to 34%            | 2 to 26%          |
| - Average reductions 10 to 20%                   |                     |                   |

(continued)





|   | <u>Present Rate</u>   | <u>Final Rate</u>   |
|---|-----------------------|---------------------|
| Fish and Fish Products                          | \$3.41 to \$56.86     | \$1.70/100 lbs.     |
| - Varying greatly, some reaching 50%            | per 100 lbs.          | to 25%              |
| Processed Foods and Nonalcoholic Beverages      | 25 to 40%             | 20 to 32%           |
| - Reductions in the area of 20%                 |                       |                     |
| Alcoholic Beverages                             | \$39.90/100 lbs.      | \$37.05/100 lbs.    |
| - Only reduction is on sparkling<br>grape wines |                       |                     |
| Other Agricultural Products                     | a) \$0.19 to \$757.72 | a) Free to \$504.20 |
| - Cuts vary radically                           | per 100 lbs.          | per 100 lbs.        |
|   | b) 10 to 28%          | b) 5 to 25%         |

Source: Department of Trade and Commerce, Ottawa.



17a. Investment

Austria reinvests more than a quarter of its G.N.P. in the form of fixed capital, a fairly high ratio among the developed countries.

Austria's Gross Domestic Fix Capital Formation

| <u>Year</u> | <u>In Million Schillings</u> | <u>As Per Cent of G.N.P.</u> |
|-------------|------------------------------|------------------------------|
| 1964        | 55,800                       | 25.0                         |
| 1965        | 62,500                       | 27.9                         |
| 1966        | 69,500                       | 26.2                         |

Source: U.N. Monthly Statistics.

According to I.M.F. figures, net foreign private investment in Austria for the 1964-66 period, amounted to U.S. \$116 million, which was about 1.6 per cent of the country's gross fixed capital investment during the period of U.S. \$7,223 million, (Schillings 187,800 million - see table above). In other words, the predominant portion of Austria's high intensity of investment has been financed by capital generated at home.

This is not to say that Austria is reluctant to induce foreign capital to assist in the development of its domestic industry. All nonresident investments in Austrian securities, participations and real estates, in freely convertible currencies and in blocked schillings, are generally authorized by the government. Foreign loans to private Austrians are also granted, as a rule, for purposes essential to the economy if made in freely convertible currencies.

For approved industrial investment projects, a new industry is often accorded the privilege of generous depreciation allowances and tax holidays. An export industry receives a refund of turnover tax on goods exported.



However, before granting entry to a foreign firm wishing to make an investment in Austria, the Austrian authorities usually seek the advice of the Federal Chamber of Commerce, who carefully scrutinizes the entry application and sees to it that its approval will not be detrimental to existing domestic business.

#### 18. Conclusions

Austria, a relatively small country of 7.2 million people, is nevertheless a promising market. High domestic activity and strong demand for consumer goods and capital equipment, presents Austria as an attractive market. The rise in income of the Austrian consumer has increased demand for an everwidening variety of goods and services.

Austrian industry will not be able to meet the increased demand expected in many sectors, and imports will be necessary to fill the gaps. Austrian importers seem to be aware of this situation.

The maintenance of its trading position abroad as well as the need of opening up new sales outlets for its products, consequently rank among the foremost objectives for Austrian economic policy.

The effort for arrangements with the EEC is unquestionably the most pressing problem for Austria's economy. The possible future pattern of Austria's exports to EEC countries is being given constant thought.

Austria's rising standard of living and import liberalization measures have brightened the outlook for increases in our sales to Austria. Canadian exporters could find in Austria an expanding market for many Canadian products.











